loans/assistance to hilly States in India for development of roads, irrigation and slum area development schemes;

(b) if so, to what extent the World Bank has agreed to provide this amount to Uttaranchal; and

(c) to what extent Government have agreed to the suggestions for providing such loans to Uttaranchal and by when it is likely to materialize?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The World Bank's assistance is available for all States of India, including hilly States in the sectors identified by these States, including roads, irrigation and slum area development.

(b) and (c) A project titled 'Uttaranchal Decentralized Watershed Development' is presently being implemented with World Bank assistance of US$ 69.62 million. The following projects for Uttaranchal have been posed by the Government of India to the World Bank for consideration:

(Rs. in crore)

S.No.	Name of Project	Estimated Cost
1.	Uttaranchal Rural Water Supply and Sanitation II	500
2.	Dam Rehabilitation & Improvement Project (Multi State)	11.8*
3.	Pradhan Mantri Gram Sadak Yojana-Phase II (Multi State)	1151*

*Share of Uttaranchal

These proposals follow the cycle of appraisal and negotiation before their final approval by the World Bank Board.

Reduction in bonus payable on endowment policies

2173. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) Whether the LIC has neutralized the benefits to its endowment policy holders through a golden jubilee bonus announced last year, by

cuts on bonus on endowment policies from Rs. 51/- per Rs. 1000/- sum assured to Rs.45 in 2005;

(b) whether falling income has forced the LIC to effect a 10 per cent reduction in bonus payable on endowment policies; and

(c) whether the LIC is also under time-bound pressure to shore up its solvency margin to IRDA's norms?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir. The LIC has reported that the Special One Time Bonus declared on the occasion of LIC's Golden Jubilee Year has no connection with the reduction in reversionary bonuses on its Endowment, Assurance and other plans. Reduction in bonus is due to fall in the interest rate in the market over the last few years.

(c) As informed by LIC, it has already achieved 100% solvency margin as required by the IRDA Regulations. However, it is now trying to achieve 150% solvency margin requirement as agreed with IRDA over the next few years.

Higher rate of interest of import duty on shipbreaking

2174. SHRI LEKHRAJ BACHANI: Will the Minister of FINANCE be pleased to state:

(a) whether higher rates of import duty have been prescribed for ship breaking in the country compared to rates applicable to the imported metal scrap;

(b) whether Government are aware that it has created adverse impact on small scale and rural industry in Gujarat; and

(c) whether Government would consider favourably the representation of Gujarat in the interest of industrial development of the State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Basic Customs duty on ships for breaking-up is 5%. Non-alloy steel scrap and iron scrap imported for the purpose of melting attract 'nil' customs duty.